

# Selected Reserve Education Loan Repayment Program (LRP) Enhancement Act

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## The problem.

With the current student loan debt crisis, many brave young people choose to enlist in the National Guard and Reserve to utilize education benefits and pay off student loans. The majority of current incoming Selected Reserve applicants sign six-year contracts, but in order to receive full Loan Repayment Program (LRP) benefits, service members are required to serve seven years. As a result, many National Guard members do not realize full repayment of their student loan(s). This limitation reduces the effectiveness of this incentive as a recruiting and retention tool and creates an urgent need to address student loan debt among National Guard and Reserve members.

## The solution.

The Selected Reserve Education Loan Repayment Program (LRP) Enhancement Act will adjust the LRP Program, so that Selected Reserve component service members can realize 100% of qualified education benefits within their six-year contract. The bill raises the annual LRP repayment limit to 20% or \$1,000, whichever is greater, without changing the \$50,000 total. By increasing the annual percentage which Guard & Reserve members may repay on student loans the bill enhances flexibility in offering this as an incentive in today's challenging recruiting environment.

## Background

Thousands of National Guard & Reserve members already use the Selected Reserve Education LRP to repay qualified student loan debt. Currently, the LRP limits Reserve Component members to an annual, 15% repayment of the student loan or \$500, whichever is greater, for a maximum total of \$50,000. Active Duty Servicemembers have a separate LRP program that allows up to 33% annual repayment with maximum total of \$65,000.

- 59% of Army Reserve & National Guard soldiers with SLRP contracts have student loan debt between \$32,000 and \$50,000.
- 29% of those with SLRP have student loans in excess of \$50,000, with multiple soldiers having loans in excess of \$90,000. The median loan debt balance is currently at \$52,172.11.
- 88% of Army National Guard Soldiers have student loans in excess of \$32,000.

## Selected Reserve Education Loan Repayment Program (LRP) Enhancement Act

The Selected Reserve Education Loan Repayment Program (LRP) Enhancement Act specifically amends section 16301 of title 10, United States Code, so that the portion or amount of a student loan that may be repaid under subsection (b), is 20 percent or \$1,000, whichever is greater, following each year of service..